

PRESIDENT MOUL: Thank you, Senator Warner. Senator Conway.

SENATOR CONWAY: Thank you, Madam President, members. Simply to be very brief, I rise in opposition to the IPP motion relative to LB 1063. There have been many statements made, some of them misleading, some of them maybe just misunderstood. But Senator Hall, in one of his earlier comments, was talking about taxing an expense item not being depreciation. If we take a close look at 1063, you'll see that we're not taxing depreciation, which is an expense item, we're taxing what is residual after we allow the expense item to be taken and subtracted from the value of that property. As we look at some of the arguments that are associated with 1063, and again the extent to which, if we were to IPP 1063, we are back to only one vehicle that's left out there, which is 1120, 1120 that I've raised before to discuss some of the problems I had with 1120 associated with the extent to which we're shifting from a property situation, which, granted, we believe that the real estate taxes and the like are too high. But I'm not sure that this is the time to make that adjustment. For the majority of the consumers in Nebraska who itemize deductions on their tax forms to transfer from a income...or excuse me, from a property tax burden to a sales tax burden, they lose their deductibility. We shift a massive amount of economic wealth out of the State of Nebraska back to the Potomac that will never be recirculated back in Nebraska, and we do that. As I shared with you before, it's about...it takes about \$1.38 of sales tax to be equivalent to the same burden as a \$1 property tax would be when you lose your deductibility. Now, granted, with businesses they can expense both of those, but the average consumer, who itemize deductions, who I think we're talking about the masses of our constituents, are in a situation where all of a sudden we're putting an extra 38 cents on them simply because we like the sound of sales tax, because it is a tax that is paid at very small increments and seems less painful than the property taxes. But only in that context, when you put it in the macro sense of the economic theory of how Nebraska is run, to lose that kind of an income base out of the State of Nebraska, I think, is hurtful to our overall economy. I think we can continue to work with 1063, as has been mentioned, advance 1063. We have Select File if there are other kinds of technical aspects that we need to do, to bring the body together to put it in front of the electorate as our implementing technique and as our means for requesting them to support the CA, we would continue with that. We've heard